

INFO	LOG-00	AF-00	AID-00	AMAD-00	ACQ-00	CIAE-00	COME-00
	INL-00	DNI-00	DODE-00	PERC-00	DS-00	DHSE-00	EUR-00
	OIGO-00	E-00	FBIE-00	VCI-00	H-00	TEDE-00	INR-00
	IO-00	LAB-01	L-00	MOFM-00	MOF-00	VCIE-00	NSAE-00
	NSCE-00	OES-00	NIMA-00	MCC-00	GIWI-00	MA-00	DOHS-00
	FMPC-00	SSO-00	SS-00	STR-00	TRSE-00	NCTC-00	SCRS-00
	DSCC-00	PRM-00	DRL-00	CARC-00	NFAT-00	SAS-00	FA-00
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FM AMEMBASSY BUJUMBURA

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INFO AMEMBASSY DAR ES SALAAM

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AMEMBASSY KINSHASA

AMEMBASSY LONDON

AMEMBASSY LUSAKA

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SUBJECT: SECOND VICE PRESIDENT SEES STABILITY, PRIVATE SECTOR INVESTMENT AS FOUNDATION FOR GROWTH

Classified By: classified by CDA Charles Twining for reasons 1.4(b) and 1.4(d)

¶11. (C) Summary: Second Vice President Gabriel Ntisezerana said that security would be the basis for any economic growth and development in Burundi, during an August 11 courtesy call by Charge and DCM. Ntisezerana was concerned that many demobilized FNL combatants knew nothing but fighting, and could turn to violence if they were unable to find adequate employment. When asked about the way forward for Burundi, the Second Vice President emphasized that private sector investment was key to promoting economic growth, and that the agriculture sector, and eventually tourism, provided the best prospects for investment. He was determined to move forward with privatization, despite the inevitable political obstacles. Ntisezerana had high hopes for regional integration, noting that Burundi's membership in the East African Community could open Burundi to opportunities for credit and trade from the sub-region. He asked the US to consider providing further assistance in English and business training. End Summary.

Interdependence of Jobs and Security

¶12. (C) Ntisezerana noted that Burundi was only now emerging from profound crisis, and stated that the fragile security situation would have to be monitored. Burundi needed to have security before it could have development, he said, and observed that employment was the key to security. Ntisezerana said it was clear that many former combatants had cached the weapons rather than turn them in through the Disarmament, Demobilization and Reintegration (DDR) program. The previous day, Ntisezerana had overseen the closure of the last FNL Demobilization camp, and he was clearly concerned about the prospects of integrating these young combatants, many in their early twenties, who had only known fighting. He observed that the USDOLS 500-1000 provided to each ex-combatant would not last long. He affirmed that job creation offered the best hope for the Burundian people, and the best prospects for stabilizing the country. Ntisezerana also noted that the political class needed another outlet -- the current mindset was to view government jobs as spoils of war.

¶13. (C) The Second Vice President was nonetheless confident that the government understood the security situation and

would prevail over the crisis. He believed that Burundi was prepared for the 2010 elections, and that the inevitable electoral tensions would not erupt in violence.

#### The Crucial Role of the Private Sector

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¶ 14. (SBU) Ntisezerana stated that the private sector must be a priority for Burundi, because it provided the best engine to revitalize economic growth and development. He said that the Burundian Investment Code guaranteed 100 percent of investments against possible expropriations, and ensured investor revenue and provided a tax credit to encourage investors. Coffee and tea alone provided 80 percent of Burundi's export revenues, so for the immediate future, the agricultural sector provided the best opportunities for investments. Ntisezerana thought that eventually, tourism on Lake Tanganyika could become a growth sector. The Government was also contemplating establishing free trade zones to attract investment.

¶ 15. (SBU) The office of Second Vice President oversees privatization, Ntisezerana said, and he affirmed that the Government's privatization programs were on track. He estimated that the government was about midway through the privatization process, and was determined to move forward with it, despite the inevitable political difficulties. The State owned enterprises, Ntisezerana said, were inefficient and non-productive, and needed to be privatized. Ntisezerana said that the government had to be concerned about the employees who are caught up in the privatization of state enterprises.

¶ 16. (SBU) Ntisezerana was nonetheless cognizant of the constraints that affected would-be investors, chief among them the lack of liquidity. He noted that Burundi's banks only provide short term loans, and interest rates are high, currently running 17-18 percent. Furthermore, he said the costs of production were high. Ntisezerana looked to regional integration to provide a way forward. He was hopeful that Burundi's new membership in the East African Community would facilitate access to credit through the larger banks in the sub-region, such as the Kenyan Commercial Bank and the Bank of Tanzania.

#### In Search of New Commercial Ties with the US

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¶ 17. (U) Burundi is a Francophone country in an Anglophone East African Community, Ntisezerana noted, and inquired if the US Embassy had plans to increase English language programs. He was interested in AGOA, and asked how Burundi might better take advantage of AGOA benefits, particularly in the coffee sector. Ntisezerana thought that Burundians could benefit from business training, and inquired about current exchange programs. Embassy Bujumbura will provide this information to him.

¶ 18. (SBU) Biographical Note. The Second Vice President oversees the various Ministries involved with finance, economic development and social services. As a former banker with an advanced degree in Economics from the University of Burundi and a prior stint as Central Bank Governor, Gabriel Ntisezerana is well suited to the job. A member of the CNDD-FDD party, he is an ethnic Hutu who is reputed to be close to business leaders and to the President.

Twining